

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6042

BILL NUMBER: SB 63

NOTE PREPARED: Nov 13, 2005

BILL AMENDED:

SUBJECT: State Police and Natural Resources Salary Matrix.

FIRST AUTHOR: Sen. Craycraft

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the salary matrices based on rank and years of service for State Police employees and for law enforcement officers of the Department of Natural Resources (DNR) must each include 15 increments above the basic salary. It provides that the highest salary set for a rank of State Police employees must be equivalent to the average of the highest salaries paid to police employees of equivalent rank in Illinois, Michigan, Kentucky, and Ohio. (Under current law, the salaries of DNR law enforcement officers must be equal to the salaries of State Police employees based on rank and years of service.)

The bill also appropriates to the State Police Department an amount sufficient to fund the salary matrix for one year, with 50% appropriated from the state General Fund and 50% appropriated from the Motor Vehicle Highway Account.

The bill also appropriates to the DNR an amount sufficient to fund the salary matrix for one year from the state General Fund and the Fish and Wildlife Fund, with the percentage from each fund to be determined by the DNR with approval of the Budget Agency.

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Summary:* Based on 2005 data, the net fiscal impact is estimated at \$21 M in the first year to \$22 M in the second year in increased expenditures, including benefits. The ultimate fiscal impact of this bill is dependent upon an appropriation and the maximum salaries contained within a new 15-year matrix.

The bill appropriates an amount sufficient to implement the increases to the State Police Department from the state General Fund and the Motor Vehicle Highway Account for FY 2007. The bill specifies that 50% must be paid from the state General Fund, and 50% must be paid from the Motor Vehicle Highway Account.

The bill also appropriates an amount sufficient to implement the increases to the Department of Natural Resources (DNR) from the state General Fund and the Fish and Wildlife Fund for FY 2007. The DNR with the approval of the Budget Agency must determine the percentage of the appropriation to be paid from the state General Fund and the Fish and Wildlife Fund.

Background Information:

Maximum Salaries for Police by Rank in Surrounding States*							
Ranks	Indiana	Ohio	Kentucky	Illinois	Michigan	4-State Average	% Above IN
Trooper	\$45,994	\$51,605	\$50,969	\$78,792	\$55,269	\$59,159	29%
Corporal	\$49,218						
Sergeant	\$53,560	\$63,773	\$60,069	\$86,988	\$63,851	\$68,670	28%
First Sergeant	\$56,472	\$67,182		\$86,856	\$66,643	\$73,866	31%
Lieutenant	\$58,520	\$68,973	\$74,894	\$92,892	\$72,113	\$77,218	32%
Captain	\$62,510	\$83,658	\$82,606	\$99,468	\$82,784	\$87,129	39%
Major	\$68,256	\$92,102	\$90,957	\$102,924	\$92,289	\$94,568	39%
Lt. Colonel	\$78,493	\$101,504	\$100,229	\$110,124		\$103,952	32%
Colonel	\$85,538	\$121,493	\$107,662	\$117,828	\$112,486	\$114,867	34%
Note: Some salaries have been estimated.							

Salary Costs and Benefits Estimate: The average maximum salaries for all ranks in other states were approximately 33% more than comparable Indiana ranks. The current total salary expenditure for State Police and conservation officers is approximately \$63 M. Increasing this salary by the estimated average of 33% would increase expenditures by an estimated \$20 M for the first year and \$20.4 M for the second. Additional benefits at 17.19% for life insurance, Social Security, PERF, and disability would bring total additional expenditures to \$23 M for the first year and \$24 M in the second year.

Explanation of State Revenues: An increase in State Police and DNR conservation officer salaries would also increase collection of the Income and Sales Taxes. Assuming that the additional income would be taxed at the current income tax rate of 3.4% and half of the income would generate additional sales tax revenue at the 6% sales tax rate, the state could receive approximately \$1.3 M in additional revenue.

Income tax revenue is deposited into the state General Fund (86%) and into the Property Tax Replacement

Fund (14%). Gross Retail (Sales) and Use taxes are deposited into the state General Fund (49.192%), the Property Tax Replacement Fund (50%), the Public Mass Transportation Fund (0.635%), the Industrial Rail Service Fund (0.033%), and the Commuter Rail Service Fund (0.14%).

Explanation of Local Expenditures:

Explanation of Local Revenues: Local Option Income Tax (LOIT) counties could receive an increase in LOIT revenues.

State Agencies Affected: State Police and the DNR.

Local Agencies Affected: LOIT Counties.

Information Sources: Steve Hillman, Indiana State Police, 232-8204; Peggy Belli, Ohio State Police, (614) 752-2197; Kentucky State Police, (502) 695-6360; Terri Dietrich, Illinois State Police, (217) 785-1327; Phyllis Holton, Michigan State Police, (517) 332-2521; Police Compensation Consultants, www.trooperpay.net.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.